

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
Northern Division**

BLACKSTONE INTERNATIONAL, LTD.)
2018 Lord Baltimore Drive)
Windsor Mill, Baltimore County, Maryland 21224)
Plaintiff,) Civil Action No: _____
v.)
ZHEJIANG MIKIA LIGHTING CO., LTD.)
No. 1 Changsong Road)
Chengbei Industrial Estate)
Dongyang City, Zhejiang Province)
People's Republic of China,)
and)
E2 LIMITED)
Room 4D, 4/F, Century Centre,)
33-35 Au Pui Wan Street,)
Fotan, Hong Kong, S.A.R.)
Defendants.)

)

COMPLAINT

JURY TRIAL DEMANDED

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TABLE OF EXHIBITS

EXHIBIT	DESCRIPTION
A	2016 SUNTER 40-Inch Tower Fan Instruction Manual
B	2018 CASCADE 40-Inch Tower Fan Instruction Manual
C	2019 CASCADE Instruction Manual
D	Copyright Application Service Request No. 1-7259841061
E	Copyright Application Service Request No. 1-7262724222
F	Copyright Application Service Request No. 1-7286282702
G	Trademark Registration No. 3,222,542
H	Trademark Application Serial No. 88216424
I	August 2018 Maryland Contract
J	Chinese Design Patent No. 304817871 S (App. No. 201830174537.9)
K	Certified English Translation of Chinese Design Patent No. 304817871 S (App. No. 201830174537.9)
L	China National Intellectual Property Administration Search Results for Chinese Design Patent No. 304817871
M	Certified English Translation of China National Intellectual Property Administration Search Results for Chinese Design Patent No. 304817871
N	Termination Notification Email from Jiaping Wu to John Black dated 4 November 2018 and attached Termination Letter from Zhejiang Mikia Lighting Co., Ltd.
O	Response to Termination Notification from John Black to Zhang Yong dated 7 November 2018
P	Cease-and-Desist Letter from Kirk Ruthenberg to Zhang Yong dated 4 December 2018
Q	Email from Jiaping Wu to John Black et al. dated 5 December 2018 and Attachment thereto
R	Supplement dated 6 December 2018 to Cease-and-Desist Letter from Kirk

	Ruthenberg to Zhang Yong dated 4 December 2018
S	English version of products offered by Zhejiang Mikia Lighting Co., Ltd. (http://www.mikialighting.com/english/a/product/list_20_4.html)
T	English version of products offered by Zhejiang Mikia Lighting Co., Ltd. (http://www.mikialighting.com/english/a/product/list_20_3.html)
U	Chinese version of products offered by Zhejiang Mikia Lighting Co., Ltd. (http://www.mikialighting.com/a/champinyuyewu/list_4_3.html)
V	Chinese version of products offered by Zhejiang Mikia Lighting Co., Ltd. (http://www.mikialighting.com/a/champinyuyewu/list_4_5.html)
W	Chinese Version of Mikia 40-Inch Tower Fan Product Offering (http://www.mikialighting.com/a/LEDzhaoming/tashan/20160802/47.html)
X	English Version of Mikia 40-Inch Tower Fan Product Offering (http://www.mikialighting.com/english/a/product/jiadian/tashan/25.html)
Y	Chinese Version of Mikia 13-Inch Personal Fan Product Offering (http://www.mikialighting.com/a/LEDzhaoming/tashan/20160701/34.html)
Z	English Version of Mikia 13-Inch Personal Fan Product Offering (http://www.mikialighting.com/english/a/product/jiadian/tashan/32.html)

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and) **JURY TRIAL DEMANDED**
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Room 4D, 4/F, Century Centre,)
33-35 Au Pui Wan Street,)
Fotan, Hong Kong, S.A.R.)
Defendants.)

COMPLAINT

Plaintiff Blackstone International, Ltd. (“Plaintiff” or “Blackstone”) brings this complaint against Defendants Zhejiang Mikia Lighting Co., Ltd. (“Mikia”) and E2 Limited (“E2”), collectively referred to as “Defendants,” for breach of contract, fraud, tortious interference with contract, tortious inference with business relations, conversion, unfair and deceptive trade practices, trademark infringement, trade dress infringement, copyright infringement, and false designation of origin and dilution.

I. **NATURE OF THE ACTION**

1. This is a civil action arising from, among other things, Defendants' systematic scheme to (a) mislead Blackstone into engaging Mikia to manufacture Blackstone's products for Blackstone's sale to Costco Wholesale Corporation ("Costco"), (b) mislead Blackstone regarding the quality of the products manufactured by Mikia, (c) mislead Blackstone into relying upon Mikia to manufacture Blackstone's Tower Fan for Blackstone to sell to Costco for Costco's 2019 fan program, through which Costco planned to buy Blackstone-designed fans from Blackstone and Blackstone planned to sell to Costco 2.5 million Blackstone Tower Fans to Costco (the "2019 Costco Fan Program"), (d) breach Mikia's agreement (i) that it would manufacture 1.7 million Blackstone Tower Fans for Blackstone that Blackstone would sell to Costco for the 2019 Costco Fan Program and (ii) that it expressly consented to Blackstone holding a retaining payment to account for defects in products manufactured by Mikia, (e) tortiously interfere with Blackstone's contracts with Costco by, among other things, seeking to unlawfully supplant Blackstone as the supplier to Costco for Blackstone's products, (f) tortiously interfere with and destroy Blackstone's 15-year plus business relationship with Costco, (g) tortiously interfere with and destroy Blackstone's business relationships with factories in China who were prospective manufacturers of Blackstone's products for sale to Costco and other customers, (h) steal Blackstone's intellectual property by converting Blackstone's intellectual property rights covering Blackstone's products to their own use and preventing Blackstone from exporting its own Blackstone Products from China to the United States, and (i) unfairly compete with Blackstone in the United States by engaging in unfair and deceptive trade practices prohibited by law. Mikia's improper and unlawful conduct has, among other things, caused Costco to breach its agreements with Blackstone resulting in a loss of approximately \$95 million in revenue for 2019 and hundreds of millions of dollars of future business with Costco and other retailers.

2. Blackstone has been a supplier of consumer products to U.S. and international retailers since 1995, including electronics, lighting products, mirrors and fans. Blackstone designs the products, packaging, instruction manuals and related materials, and uses third party manufacturers to manufacture the Blackstone products it has designed for sale to retailers and other outlets.

3. For more than 15 years, Blackstone has been a supplier to Costco of products for sale at its retail clubs, including electronics, mirrors and fans. Blackstone began supplying fans to Costco for sale at its retail clubs in the United States in 2015. Blackstone supplied fans to Costco pursuant to Blackstone's Costco Wholesale Global Import Supplier Agreement dated May 6, 2013 ("Blackstone's Costco Supplier Contract").

4. Blackstone began supplying fans to Costco in 2015 by teaming with another vendor and using another manufacturer at the time. Also in 2015, Blackstone was exploring using other available manufacturers. Specifically, Blackstone sought a new manufacturer to produce a lighted vanity mirror designed by Blackstone, ("Blackstone Vanity Mirror"), a personal 13" personal fan designed by Blackstone ("Blackstone Personal Fan"), and a tall, slim, oscillating, variable speed and mode fan, with a remote control, as designed by Blackstone (the "Blackstone Tower Fan") (collectively, the "Blackstone Products"), which Blackstone would then sell to Costco and other customers. Blackstone was engaged in discussions with various Chinese factories when it was approached by Allen Zhang of Design Center International ("DCI"), a Chinese company that represented it could provide the manufacturing for Blackstone. DCI offered manufacturing services on its own behalf and as a representative of Mikia. Allen Zhang represented, on behalf of Mikia and DCI, that Mikia and DCI could meet Blackstone's manufacturing needs for the Blackstone Products. Mikia and DCI represented that Mikia could

manufacture the Blackstone Products for Blackstone with high quality, free of significant defects, in high enough volumes to meet Blackstone's needs and shipping timelines, and at a substantially lower cost than other manufacturers.

5. Relying upon Mikia's representations, beginning in 2016 Blackstone contracted with DCI for the manufacture of the Blackstone Tower Fans and other Blackstone products for exclusive sale to Blackstone for resale to Costco, which were to be manufactured by Mikia. All payments were to be made to DCI for products manufactured by Mikia for Blackstone.

6. Blackstone was successful in marketing and selling the Blackstone Products to Costco and other customers. In particular, Blackstone's design and marketing of the Blackstone Tower Fans achieved enormous success at Costco, selling over 2 million Blackstone Tower Fans from 2016 through 2018. During this time, and at all times relevant to this complaint, Mikia (a) was the primary manufacturer of the Blackstone Tower Fan for Blackstone's sales to Costco, which Mikia manufactured using Blackstone's intellectual property, and (b) was aware of Blackstone's success in selling the Blackstone Products to Costco, including the enormous success of Blackstone's fan program with Costco. Based on the sustained success of the Blackstone Tower Fan, Costco again requested Blackstone to be the supplier for the 2019 Costco Fan Program, and Blackstone agreed to sell 2.5 million Blackstone Tower Fans to Costco for the 2019 Costco Fan Program which was featuring the Blackstone Tower Fan. As of September 2018, Costco had issued Purchase Orders to Blackstone for the purchase of the Blackstone Tower Fans. To supply the 2019 Costco Fan Program, Blackstone issued purchase orders to DCI for 2.5 million fans, 1.7 million of which were designated to be manufactured by Mikia. Mikia agreed to manufacture the Blackstone Tower Fans for sale by DCI to Blackstone. Before and after Blackstone issued the purchase orders, Mikia manufactured Blackstone Tower

Fans for the 2019 Costco Fan Program and, on information and belief, Mikia had already produced approximately 275,000 Blackstone Tower Fans by the beginning of December 2018.

7. For the limited use in connection with manufacturing Blackstone Products exclusively for Blackstone, Blackstone provided to Mikia, among other things, the designs for each of the Blackstone Tower Fan, Blackstone Personal Fan and Blackstone Vanity Mirror, the designs for the remote control of the Blackstone Tower Fan, the designs and content for the packaging of the Blackstone Products, the designs and content for the instruction manuals for the Blackstone Products, and other intellectual property relating to the Blackstone Products (“Blackstone Intellectual Property”). Examples of the Blackstone Intellectual Property are reproduced below. Copies of the instruction manuals are attached as Exhibits A, B, and C.

Blackstone Tower
Fan – Packaging
(2018)



Blackstone Tower
Fan – Packaging
(2019)



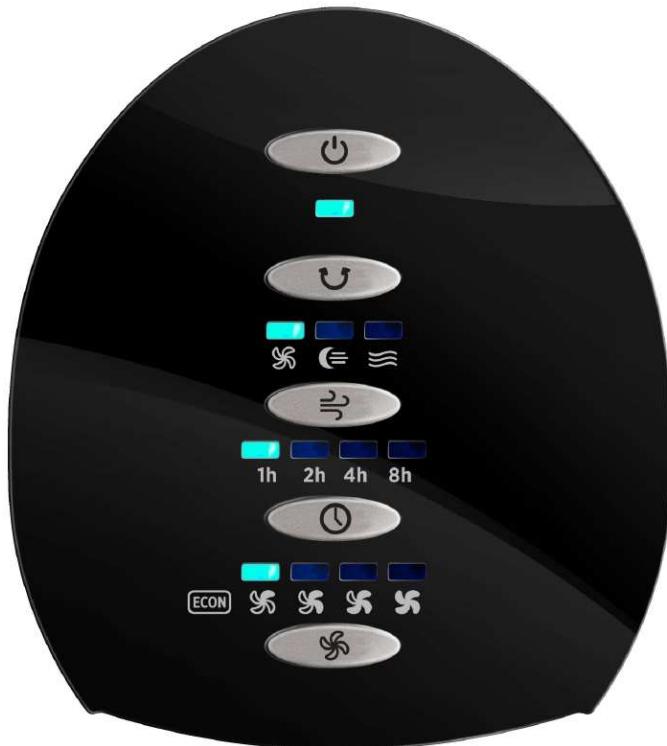


Blackstone Tower

Fan - Front

Blackstone Tower

Fan - Top



Blackstone Tower

Fan - Remote

Control



8. Blackstone owned then and continues to own all rights to the Blackstone Intellectual Property, including without limitation, all copyrights, trademarks, trade dress, and patents, whether registered or unregistered. Mikia was at all times aware that the Blackstone Tower Fan design and all other Blackstone Intellectual Property was the property of Blackstone and had been provided by Blackstone.

9. The Blackstone Intellectual Property is well known among consumers and is distinctive, as its products have been on sale in the United States since at least 2002. The Blackstone Intellectual Property specifically relating to the Blackstone Tower Fan, including common law trademarks and trade dress in the overall design, grill and louver design, arched top form, control panel design and layout, control panel icons, the “circle and cross” layout of the remote control, remote control icons, the Blackstone Tower Fan packaging and package design, product renderings, package photography, and Blackstone logo, are also well-known among consumers as over 2 million units have been sold throughout the United States since 2016.

10. Blackstone applied for copyright protection for the instruction manual for the 2016 version of the Blackstone Tower Fan, called the “SUNTER” fan on December 26, 2018 as Copyright Application Service Request No. 1-7259841061. A true and correct copy of Blackstone’s application for copyright protection is attached hereto as Exhibit D. The SUNTER instruction manual was first published on January 31, 2016.

11. Blackstone applied for copyright protection for the instruction manual for the 2018 version of the Blackstone Tower Fan, called the “CASCADE” fan on December 27, 2018 as Copyright Application Service Request No. 1-7262724222. A true and correct copy of Blackstone’s application for copyright protection is attached hereto as Exhibit E. The CASCADE instruction manual was first published on January 31, 2018.

12. Blackstone applied for copyright protection for the English portion of the 2019 version of the Blackstone Tower Fan, called the “CASCADE” fan on January 4, 2019 as Copyright Application Service Request No. 1-7286282702. A true and correct copy of Blackstone’s application for copyright protection is attached hereto as Exhibit F.

13. Blackstone Intellectual Property also includes unregistered copyrights covering the details and descriptions contained on the Blackstone Products’ packaging that are protected by common law.

14. The Blackstone Products have been advertised, marketed, promoted, distributed, and sold in the United States bearing the distinctive Blackstone “B” Mark, reproduced below.



The Blackstone “B” Mark is registered as Trademark Registration No. 3222542, issued by the U.S. Patent and Trademark Office on March 27, 2007, reproduced below.



Affidavits were filed pursuant to Sections 8 and 15 of the Lanham Act, 15 U.S.C. §§ 1058 and 1065 on May 8, 2012, and this registration is uncontested. A copy of the Certificate of Registration for this mark is attached as Exhibit G.

15. Blackstone also filed for trademark registration for the Blackstone “B” Mark within a square, as shown above on the product, on December 4, 2018 as Trademark Serial No. 88216424, attached as Exhibit H.

16. The Blackstone “B” Mark and Blackstone “B” Mark within a square have been in continuous and exclusive use in commerce by Blackstone since at least April 30, 2009.

17. As a result of Blackstone’s continuous and exclusive use of the Blackstone Intellectual Property, including the Blackstone “B” Mark, the mark reflects the public acceptance and association with Blackstone, and has been recognized widely and favorably as an indication of the origin of Blackstone’s goods.

18. As of May 2018, Mikia was aware of the magnitude of the 2019 Costco Fan Program, and Mikia had already agreed with Blackstone to manufacture the Blackstone Tower Fan for Blackstone to sell to Costco to meet the needs of the 2019 Costco Fan Program. Pursuant to Mikia’s agreement with Blackstone, Mikia was scheduled to manufacture 1.7 million Blackstone Tower Fans for Blackstone to meet the needs of the 2019 Costco Fan Program. Mikia breached its agreement to manufacture the Blackstone Tower Fans for Blackstone and instead willfully and maliciously engaged in a scheme with defendant E2 to tortiously interfere with Blackstone’s contracts with Costco by approaching Costco to sell the Blackstone Tower Fans to Costco directly, thereby inducing Costco to breach its agreement to purchase the Blackstone Tower Fans from Blackstone and causing Blackstone to lose tens of millions of dollars in business for 2019 and hundreds of millions of dollars in business in the future.

19. Contrary to Mikia's representations regarding its manufacturing capabilities, from 2016 to 2018 Blackstone consistently experienced problems with Mikia related to the Blackstone Products manufactured by Mikia, including, among other things, manufacturing defects in the products, its failure to deliver product on time, and its failure to manufacture the number of Blackstone Tower Fans and Blackstone Vanity Mirrors it had agreed to manufacture. As a result of Mikia's actions, Blackstone was damaged by, among other things, incurring additional expenses in its efforts to resolve these problems and meet its obligations under its agreements with Costco. While Blackstone was able to offset some of these additional costs against invoices pursuant to the terms and conditions governing DCI and Mikia, Blackstone has suffered substantial damages for Mikia's breach of performance far in excess of any such setoffs that would be available against invoices for the products manufactured by Mikia.

20. In an attempt to resolve many of the early problems caused by Mikia, Mikia's President, Zhang Yong, traveled to Blackstone's office in Baltimore County, Maryland in 2016 to review the problems with the Blackstone Products being manufactured by Mikia ("2016 Maryland Meeting"). Zhang Yong also represented to Blackstone that he was the Vice Chairman of Mikia and he also holds himself out as the CEO, General Manager and registered legal representative of Mikia. At the 2016 Maryland Meeting, Mikia represented that it was fixing the quality problems with the manufacture of the Blackstone Tower Fan and Blackstone Vanity Mirror.

21. In 2018 Blackstone began experiencing an abnormally high rate of returns of Blackstone Tower Fans that consumers complained had stopped working. Blackstone notified DCI and Mikia of the high rate of failure, which was traced to defects in manufacturing by Mikia. While Costco continuously deducted payments to Blackstone as a result of defective

products produced by Mikia, the drastic increase in the rate of deductions Blackstone experienced in 2018 as a result of Mikia's manufacturing defect caused Blackstone, pursuant to the terms and conditions governing DCI and Mikia, to place a \$2.5 million hold on payments from Blackstone to DCI for products manufactured by Mikia (the “\$2.5 Million Retaining Payment”). In addition to the standard terms and conditions governing the parties, Mikia and DCI expressly agreed in writing to this \$2.5 Million Retaining Payment and that the \$2.5 Million Retaining Payment could be increased to account for the rate of returns.

22. Mikia’s President, Zhang Yong, again traveled to Maryland on August 21 and 22, 2018 to meet with Blackstone at Blackstone’s Maryland headquarters (the “2018 Maryland Meetings”), in furtherance of its scheme and to discuss various business topics, including Mikia’s manufacturing defects that were causing the fans to fail, the concerns about the high rate of returns of the Blackstone Tower Fan, the concerns about Mikia’s ability to supply quality manufactured products free of defects, and the manufacture of Blackstone Tower Fans for the 2019 Costco Fan Program. At the 2018 Maryland Meetings, Mikia represented that it would correct the manufacturing defects, that Blackstone could withhold at least the \$2.5 Million Retaining Payment to account for current and future returns because of defects in the fans, and that Blackstone could increase the \$2.5 Million Retaining Payment in the future to adequately account for the rate of returns. Mikia further represented and agreed that, despite the \$2.5 Million Retaining Payment, Mikia would manufacture the Blackstone Tower Fans for Blackstone to supply the 2019 Costco Fan Program. Specifically, Mikia agreed that it would manufacture for Blackstone 1.7 million of the 2.5 million fans for the 2019 Costco Fan Program. Blackstone would in turn sell the fans to Costco to supply the 2019 Costco Fan Program. The other 800,000 fans were to be manufactured by Homestar, another China factory, which, upon

information and belief, is owned and controlled by DCI. Mikia's representations and agreements were memorialized in a written agreement signed by Mikia, Blackstone, and DCI on August 21, 2018 at Blackstone's office in Baltimore County, Maryland (the "August 2018 Maryland Contract"), a copy of which is attached as Exhibit I. In reliance upon such representations by Mikia and Zhang Yong, including the recent representations memorialized in the August 2018 Maryland Contract, Blackstone continued to make preparations to supply the Blackstone Tower Fans to Costco pursuant to the 2019 Costco Fan Program and its agreements with Costco, using Mikia as Blackstone's primary manufacturer.

23. While Mikia was representing that it would supply Blackstone with the Blackstone Tower Fan for the 2019 Costco Fan Program, Mikia was actively engaged in, and concealing from Blackstone, a systematic effort to steal the Blackstone Intellectual Property and unlawfully supplant Blackstone as Costco's supplier of Blackstone Products. On approximately April 25, 2018, unbeknown to Blackstone, Mikia and Zhang Yong filed a false and misleading patent application with the China State Intellectual Property Office¹ for a Chinese design patent on Blackstone's Tower Fan. In that application, Defendants improperly altered the photos of the Blackstone Tower Fan to remove Blackstone's logo, filed the altered photos of Blackstone's Tower Fan with the Chinese State Intellectual Property Office, and fraudulently represented that Zhang Yong was the inventor of the design, when in fact the claimed design had been provided by Blackstone and was the sole and exclusive property of Blackstone. The Chinese design patent issued on September 14, 2018 as Chinese Design Patent No. 304817871 S. The pictures below show (a) on the left, the Blackstone Tower Fan being manufactured by Mikia before and after

¹At the time the patent was filed, the name of the Chinese patent office was the State Intellectual Property Office (SIPPO). When the patent issued, the office had changed its name to the China National Intellectual Property Administration (NIPA or CNIPA).

April 2018 pursuant to the designs provided by and owned by Blackstone, and (b) on the right, the pictures of the Blackstone Tower Fan that Mikia altered to omit the Blackstone logos and fraudulently represented in April 2018 were designed by Zhang Yong, and that now appear in China Design Patent No. 304817871 S:



Blackstone Tower Fan - Front Perspective
(Actual picture of Blackstone product)



Blackstone Tower Fan - Front Perspective
(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Rear
(Actual picture of Blackstone product)



Blackstone Tower Fan - Rear
(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Top

(Actual picture of Blackstone product)



Blackstone Tower Fan - Top

(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Bottom

(Actual picture of product)



Blackstone Tower Fan - Bottom

(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Front
(Actual picture of Blackstone product)



Blackstone Tower Fan - Front
(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Right Side
(Actual picture of Blackstone product)



Blackstone Tower Fan - Right Side
(Picture submitted by Mikia on patent)



Blackstone Tower Fan - Left Side
(Actual picture of Blackstone product)



Blackstone Tower Fan - Left Side
(Picture submitted by Mikia on patent)

24. A copy of China Design Patent No. 304817871 S, as available from the website of the China Intellectual Property Office, is attached as Exhibit J.² A copy of a Certified English translation of China Design Patent No. 304817871 S, is attached as Exhibit K. In the 2018 Maryland Meetings at Blackstone's offices in Maryland, Zhang Yong and Mikia continued to conceal that they had made fraudulent claims that Zhang Yong was the inventor of the designs of the Blackstone Tower Fans and other Blackstone Products to the Chinese State Intellectual Property Office as part of a conspiracy to (i) steal Blackstone's intellectual property, (ii) induce Costco to breach its agreements with Blackstone, and (iii) directly sell the Blackstone Products to Costco.

25. On information and belief, Mikia, at the time it made these representations and executed the August 2018 Maryland Contract, had no intention to meet its contractual obligations. Instead, prior to entering into the August 2018 Maryland Contract and thereafter, Mikia was working surreptitiously to steal Blackstone's Intellectual Property and Blackstone's business with Costco.

26. Upon information and belief, in October of 2018 Mikia and/or Zhang Yong, acting in concert with other unknown persons, fraudulently organized E2 as a company under the control of Mikia to act as importer of record and vendor to Costco for the 2019 Costco Fan Program as part of a scheme to circumvent Blackstone's pre-existing vendor relationship with Costco in anticipation of breaching Mikia's agreement with Blackstone and stealing Blackstone's business. Upon information and belief, E2 was created as part of Mikia's plan to perpetrate this fraudulent activity against Blackstone and E2 acted in concert with Mikia. By

² Exhibit L shows the webpage found through a search of the CNIPA website using the patent application number. Exhibit M is a certified translation into English of Exhibit L.

doing so, Defendants willfully and maliciously tortiously interfered with Blackstone's relationship with Costco.

27. Then, in November 2018, without any warning or justification, Mikia notified Blackstone that Mikia was terminating its relationship with Blackstone and refusing to manufacture the fans for Blackstone to supply the 2019 Costco Fan Program, citing the \$2.5 Million Retaining Payment as grounds for termination, despite the fact that Mikia had expressly agreed to the \$2.5 Million Retaining Payment in writing in the August 2018 Maryland Contract. Mikia's notice was directly contrary to and in breach of its express agreement to manufacture the Blackstone Tower Fan for Blackstone to sell to Costco for the 2019 Costco Fan Program and its agreement that Blackstone could withhold the \$2.5 Million Retaining Payment, as memorialized in the August 2018 Maryland Contract. Exhibit I. Around this same time, Mikia and E2 contacted Costco, without notifying Blackstone, and sought to sell the Blackstone Tower Fans directly to Costco, informing Costco that Mikia would no longer manufacture or ship Blackstone products for or on behalf of Blackstone. Instead, Mikia informed Costco that it would only sell the Blackstone Products directly to Costco or through a vendor other than Blackstone. Mikia further falsely represented to Costco that Blackstone had failed to pay substantial sums to Mikia that Mikia contended Blackstone owed to Mikia.

28. Upon information and belief, Mikia and E2 are presently importing Blackstone Products, including the Blackstone Tower Fan, into the United States for sale to customers in the United States. Such conduct is in violation of the agreements between Blackstone and Mikia, including the August 2018 Maryland Contract and infringes Blackstone's Intellectual Property rights to the Blackstone Products.

29. Defendants' tortious interference and fraud resulted in Costco breaching its agreement with Blackstone to supply the 2019 Costco Fan Program, and improperly prevented Blackstone from delivering the Blackstone Tower Fan for the Costco 2019 Fan Program, thereby irreparably damaging Blackstone's credibility and relationship with Costco, which effectively destroyed the long-term business relationship that Blackstone had spent substantial time, money, and effort to establish and maintain. Defendants' tortious interference and fraud further damaged (a) Blackstone's potential business relations with retailers who have bought Blackstone products in the past and, but for Defendants' unlawful conduct, would buy Blackstone products in the future, and (b) its potential business relations with manufacturers who, but for Defendants' unlawful conduct, would have manufactured Blackstone Products in the future under reasonable terms and conditions.

30. Based upon Defendants' fraudulent actions, tortious interferences, and scheme to destroy Blackstone's business, Blackstone seeks relief from this Court including an award of damages for the injuries it has incurred as a result of Defendants' breach of contract, fraud, conversion, tortious interference, unfair and deceptive trade practices, trademark infringement, trade dress infringement, copyright infringement, and false designation of origin and dilution, and an injunction prohibiting Defendants from engaging in such improper conduct in the future.

II. THE PARTIES

31. Blackstone International, Ltd. is a Maryland corporation with its principal place of business at 2018 Lord Baltimore Drive, Windsor Mill, Maryland 21244.

32. Defendant Zhejiang Mikia Lighting Co., Ltd., is a foreign Limited Liability Company organized in the People's Republic of China with its principal office located at No. 1 Changsong Road, Chengbei Industrial Estate, Donyang City, Zhejiang Province.

33. Defendant E2 Limited is a foreign private limited company organized in Hong Kong with its principal address at Room 4D, 4/F, Century Centre, 33--35 Au Pui Wan Street, Fotan, Hong Kong, S.A.R.. Upon information and belief, E2 is a wholly-owned subsidiary of Mikia, an agent of Mikia, or otherwise acts at the direction and for the benefit of Mikia.

III. JURISDICTION AND VENUE

34. The causes of action asserted in this Complaint have arisen from contracts entered into in Maryland, and Defendants' actions taken against Blackstone, which is incorporated in the State of Maryland and has its principal place of business in Maryland, including Mikia's actions in Maryland and Defendants' actions that have damaged Blackstone in the State of Maryland.

35. The Court has personal jurisdiction over Defendants pursuant to Md. Code Ann. Cts. & Jud. Proc. §§ 6-103(b)(1) through 6-103(b)(4) and the Due Process Clause of the Fourteenth Amendment to the U.S. Constitution because, among other reasons: (a) Mikia has transacted business in the State of Maryland with a Maryland corporation, including that Mikia's President, Zhang Yong, has traveled to Blackstone's offices in Baltimore, Maryland multiple times to transact business with representatives of Blackstone, including making representations in Maryland regarding the quality of Mikia's manufacturing and agreeing to supply the Blackstone Tower Fan to Blackstone for the 2019 Costco Fan Program; (b) Mikia entered into the August 2018 Maryland Contract agreeing to manufacture and supply Blackstone with the Blackstone Tower Fans for the 2019 Costco Fan Program, which contract was signed in person in Maryland by representatives of Blackstone, Mikia and DCI, (c) Mikia committed tortious acts in the State of Maryland, including, but not limited to, executing the August 2018 Maryland Contract to manufacture and ship Blackstone's products to be sold in Maryland under the 2019 Costco Fan Program while intending to interfere with Blackstone's contractual relationship with Costco by approaching Costco to sell the Blackstone Tower Fan directly to Costco without

Blackstone's consent; (d) Defendants took tortious actions outside of Maryland that damaged Blackstone in the State of Maryland while deriving substantial revenue from manufacturing Blackstone's products that were used or consumed in the State of Maryland, including, but not limited to, fraudulently obtaining a Chinese patent for the Blackstone Tower Fan in April 2018 and falsely representing to Costco that Blackstone owed Mikia the \$2.5 Million Retaining Payment and other substantial sums; (e) Mikia manufactured Blackstone Tower Fans for sale in the United States, including Maryland, and delivered Blackstone Tower Fans to Blackstone's warehouse in Maryland; (f) Mikia manufactured Blackstone's products and placed them into the stream of commerce with the expectation that they would be purchased by consumers in the State of Maryland, (g) Defendants imported Blackstone Products into the United States for sale in Maryland that infringe Blackstone Intellectual Property rights, and (h) in taking all of the actions described above, Defendants purposefully availed themselves of the privilege of conducting activities within the State of Maryland by deliberately engaging in significant and long-term business activities with Blackstone in the State of Maryland.

36. Defendant E2 has imported the infringing Blackstone Tower Fans into the United States with the expectation that such products will be sold to consumers throughout the United States, including in Maryland.

37. Based upon such conduct, Defendants have sufficient minimal contacts with the State of Maryland to justify this court exercising personal jurisdiction over Mikia.

38. This Court has subject matter over copyright and trademark infringement actions, and the Lanham Act violations, pursuant to 28 U.S.C. §§ 1331 and 1338(a).

39. This Court has subject matter over the remaining claims under 28 U.S.C. § 1367(a) because all other claims are so related to the copyright and trademark infringement claims as they form the same case or controversy between Blackstone and Defendants.

40. This Court also, independently of the above jurisdictional allegations, has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332(a) because complete diversity of citizenship exists and the amount in controversy exceeds \$75,000.00, exclusive of interest and costs. The Court further has original jurisdiction and supplemental jurisdiction pursuant to 28 U.S.C. § 1367 because all claims are so related that they form a part of the same case or controversy.

41. Venue in this judicial district is proper pursuant to 28 U.S.C. § 1391(b) because a substantial part of the events giving rise to the claim occurred in the Maryland and in this judicial district, or, alternatively, Defendants are subject to this Court's personal jurisdiction with respect to this action.

IV. FACTUAL BACKGROUND

A. Blackstone's Long Term Relationship With Costco and Current Contract

42. Founded more than 23 years ago, Blackstone designs and markets safe, practical, and affordable consumer goods for sale to major national and international retailers, including consumer goods manufactured overseas.

43. Through the substantial investment of time, labor, money, industry experience, and other resources, Blackstone developed a business relationship with Costco, including the sale of consumer products to Costco for sale in its retail clubs in the U.S., Canada, Mexico, Australia, and Korea. Blackstone has sold lighting products, mirrors, electronics, gaming products, and fans to Costco over the years, exceeding over three and a half million product units which accounted for over \$200 million in revenue to Blackstone. The Blackstone Products sold to

Costco by Blackstone that have been manufactured by Mikia have included the Blackstone Vanity Mirror, the Blackstone Personal Fan, and the Blackstone Tower Fan.

44. Through the substantial investment of time, labor, money, industry experience, and other resources, Blackstone developed and designed a fan program that involved the sale of the Blackstone Tower Fan and Blackstone Personal Fan that could be marketed to consumers in attractive packaging, either separately or together, at a value that would also be attractive to consumers. Pursuant to Blackstone's Costco Supplier Contract, Blackstone offered the Blackstone fans to Costco and Costco agreed to buy the fans from Blackstone. Blackstone further refined the fan program to feature the sale of the Blackstone Tower Fan alone. Blackstone's design and marketing of the Blackstone Tower Fans achieved superior commercial success in a short period of time through sales by Blackstone to Costco. Based on this phenomenal commercial success, Costco planned to purchase approximately 2.5 million Blackstone Tower Fans from Blackstone for the 2019 Costco Fan Program, which would have generated in excess of \$60,000,000 in revenue for Blackstone.

B. Blackstone Begins Relationship with Mikia to Manufacture Products for Blackstone's Costco Contract

45. In 2015, Blackstone sought a manufacturer in China that could manufacture certain Blackstone Products that Costco had agreed to purchase from Blackstone, including the Blackstone Vanity Mirror, the Blackstone Personal Fan, and the Blackstone Tower Fan.

46. Around this time, Allen Zhang, who represented to Blackstone that he was the President of DCI and a representative of Mikia, approached Blackstone and offered to have Blackstone Products manufactured in China by Mikia.

47. In early 2016, Blackstone entered a business relationship and contract with DCI by which DCI would produce and manufacture Blackstone Products that would be supplied to

Costco pursuant to Blackstone's contracts with Costco. Allen Zhang represented to Blackstone, on behalf of DCI and Mikia, that Blackstone Products, including the Blackstone Tower Fan, would be manufactured by Mikia and that Mikia would manufacture and provide the Blackstone Products with high quality, free of defects, on a timely basis, and in volumes sufficient to meet the needs of Blackstone's customers, including Costco, at a cost significantly less than offers from other manufacturers offering to manufacture the Blackstone Products. Additionally, Allen Zhang represented to Blackstone, on behalf of DCI and Mikia, that DCI and Mikia had formed a partnership in 2014, that Mikia and DCI operated a million-square-foot manufacturing facility in Zhejiang Province, China, and that Mikia's factories offer nearly unlimited capacity, very competitive pricing, and state-of-the-art technology and design.

48. Pursuant to this relationship, Blackstone issued purchase orders to DCI for the Blackstone Products that would be purchased by Blackstone for sale to Costco. DCI and Mikia acknowledged and agreed that the manufacture of the Blackstone Products would be governed by the terms and conditions of the Blackstone purchase orders (the "Terms and Conditions"), which in material respects mirrored the terms and conditions of the purchase orders issued by Costco to Blackstone.

49. In early 2016, the President of Mikia, Zhang Yong, traveled to Blackstone's office in Baltimore County, Maryland with Allen Zhang to meet with representatives of Blackstone in person to discuss the manufacture of the Blackstone Products, including the Blackstone Tower Fan. At the 2016 Maryland Meeting, Mikia, through Zhang Yong, affirmed the representations of Allen Zhang that Mikia would provide quality manufacturing of Blackstone Products, including the Blackstone Tower Fan, free of defects, on a timely basis, and in volumes sufficient to meet the needs of Blackstone's customers, including Costco. Mikia

further affirmed that it was providing manufacturing pursuant to agreement with DCI and subject to the Terms and Conditions, that it was manufacturing Blackstone Products pursuant to designs provided and owned by Blackstone, and that Mikia would be financially and legally responsible for the costs and damages related to defective/non-conforming products, late delivered products, and shortfalls in the number of delivered products.

50. Pursuant to the purchase orders issued by Blackstone and accepted by DCI, Mikia's manufacturing and shipping of the Blackstone Products was governed by the Terms and Conditions that included provisions relating to defective/non-conforming products, late-shipped products, and shortfalls in delivered products that Mikia failed to ship.

51. The Terms and Conditions held DCI and Mikia financially and legally responsible to Blackstone for the costs and damages, including freight charges, related to defective/non-conforming products, late-shipped products, and products that Mikia failed to ship. The Terms and Conditions permitted Blackstone to recover these costs and damages from Mikia's breach of the Terms and Conditions, including by offsetting additional costs incurred by Blackstone against invoices issued by DCI for products manufactured by Mikia.

52. In early 2016, Mikia agreed to manufacture the Blackstone Vanity Mirrors that were to be sold by Blackstone to Costco, subject to Blackstone's Terms and Conditions.

53. In early 2016, Mikia agreed to manufacture the Blackstone Personal Fans and the Blackstone Tower Fans that were included in the Blackstone Tower Fan Combo that were to be sold by Blackstone to Costco, subject to Blackstone's Terms and Conditions.

54. In 2017 Mikia agreed to manufacture the Blackstone Tower Fans that were to be sold separately by Blackstone to Costco, subject to Blackstone's Terms and Conditions.

55. Soon after Mikia agreed to manufacture the Blackstone Products, Mikia's President, Zhang Yong, made his 2016 trip to Blackstone's office in Maryland to meet in person with Blackstone's representatives. At the 2016 Maryland Meeting, Mikia represented that the Blackstone Products would be manufactured to Blackstone's quality standards, free of defects, and in quantities and timing sufficient to meet the needs of Blackstone's customer Costco.

56. At all times relevant to this Complaint, Mikia was aware of and knew that the products it was manufacturing were Blackstone Products, that Blackstone owned all of the intellectual property rights for the Blackstone Products, that the Blackstone Products were to be manufactured exclusively for sale to Blackstone, and that Blackstone had a contract with Costco to sell the Blackstone Products to Blackstone's customer, Costco.

C. Mikia's Performance Problems Damaged Blackstone And Generated Setoffs Against DCI and Mikia Invoices

57. Early in 2016, Blackstone started to experience performance issues with Mikia, including the products manufactured by Mikia having defects and Mikia failing to meet its production and delivery deadlines. Mikia's quality problems and defects caused excessive returns of products sold by Costco, generating substantial offsets by Costco against Blackstone's invoices to Costco, which, pursuant to the Blackstone Terms and Conditions, were the responsibility of the manufacturer and were charged back against DCI, which in turn issued charge-backs to Mikia.

58. An example of the quality problems with Mikia's manufacturing was the use of a defective "yolk" by Mikia in the manufacture of the Blackstone Vanity Mirror that caused the yolk of the mirror to break with normal handling by the consumer. The yolk is a central component of the vanity mirror that connects the mirror to the base. Broken yolks rendered the vanity mirrors useless, thus causing consumers to return them to Costco. Blackstone previously

had over a million Blackstone Vanity Mirrors manufactured by other manufacturers with no quality problem relating to the yolk.

59. Beginning in 2016, Blackstone notified DCI and Mikia on a regular basis of the quality problems, defects, late shipments, and production shortfalls caused by Mikia.

60. At the 2016 Maryland Meeting, in which the President of Mikia, Zhang Yong, and Allen Zhang traveled to Blackstone's office in Maryland, Mikia and DCI assured Blackstone that the quality and defect issues would be corrected, and that they would meet the production levels and timing to meet Costco needs. Mikia and DCI also agreed to take financial responsibility for returns of products related to defects in the Blackstone Products, as required by the Terms and Conditions.

61. In 2016, the quality problems, defects, late shipments, and production shortfalls by Mikia relating to the Blackstone Vanity Mirror, resulted in DCI and Mikia having to ship the Blackstone Products by air freight containers to attempt to supply sufficient products to Costco for the 2016 Vanity Mirror Program. Similar problems occurred throughout 2017 and 2018. The air freighting generated additional expenses for Blackstone which, pursuant to the Terms and Conditions and the agreement of DCI and Mikia to take responsibility for these problems, were offset against invoices from DCI, and on information and belief, DCI in turn offset such charges against payments that otherwise would have been due from DCI to Mikia.

62. In spite of this airfreighting, Mikia's and DCI's failure to perform caused a shortfall in Blackstone's deliveries to Costco of the Blackstone Vanity Mirrors and other Blackstone products Costco ordered for the promotion, which forced Blackstone to extend the promotion at additional expense to meet its obligations to Costco. Similar problems occurred throughout 2017 and 2018. Pursuant to the terms of Blackstone's Terms and Conditions and the

agreement of DCI and Mikia to take responsibility for these problems, those expenses were offset against invoices from DCI, and on information and belief, DCI in turn offset such charges against payments that otherwise would have been due from DCI to Mikia.

63. In 2016, 2017, and 2018, DCI and Mikia agreed to manufacture the Blackstone Tower Fan for sale to Blackstone, which had agreed with Costco to supply Costco's fan programs for 2016, 2017, and 2018. During 2016, 2017, and 2018, quality problems, defects, late shipments, and production shortfalls by Mikia relating to the Blackstone Tower Fan and other Blackstone Products generated offsets against Blackstone's invoices to Costco and other additional expenses.

64. Mikia also failed to manufacture 500,000 fans that it had promised for the Blackstone 2018 program, resulting in substantial lost sales, lost profits, and additional costs to Blackstone.

65. Pursuant to the Terms and Conditions and the agreement of DCI and Mikia to take responsibility for defects and returns, late shipments, and production shortfalls, the additional expenses incurred by Blackstone were offset against invoices from DCI, and on information and belief, DCI in turn offset such charges against payments that otherwise would have been due from DCI to Mikia.

66. Mikia's quality problems, product defects, late shipments, and production shortfalls during 2016, 2017 and 2018 damaged Blackstone in an amount in excess of \$10 million. Pursuant to the Terms and Conditions and the agreement of DCI and Mikia to take responsibility for defects and returns, late shipments, and production shortfalls, the additional expenses incurred by Blackstone were offset against invoices from DCI, and on information and belief, DCI in turn offset such charges against payments that otherwise would have been due

from DCI to Mikia. At the request of DCI and Mikia and based upon their representations that they were under cash flow pressures, Blackstone agreed to delay many of these offsets, to make advance payments to DCI for the benefit of Mikia, and to accrue the offsets pursuant to the purchase orders to be charged against future purchases from DCI and Mikia.

67. Throughout Blackstone's course of dealing with Mikia and DCI, Blackstone properly offset payments to DCI and Mikia as a result of Mikia's failure to perform pursuant to the Terms and Conditions, against prior invoices. Blackstone has the right to additional offsets against pending invoices or damages in amounts over and above the amount of all outstanding invoices and a right to repayment of advanced payments made to DCI and Mikia.

D. Mikia's 2018 Agreement to a \$2.5 Million Retainer and to Manufacture for Blackstone the Blackstone Tower Fan for the 2019 Costco Fan Program

68. In the summer of 2018, Blackstone experienced a material increase in returns of Blackstone Tower Fans manufactured by Mikia that had stopped functioning. Blackstone evaluated the manufacture of the Blackstone Tower Fan by Mikia and potential causes of the defects, provided technical support to Mikia, and identified to Mikia a manufacturing defect that could cause fans Mikia had manufactured to stop working. Blackstone had an independent lab evaluate samples of the Blackstone Tower Fans manufactured by Mikia in 2018 and determined that during the manufacturing process for many of these fans, Mikia had failed to wire the control board properly. Mikia acknowledged that Mikia had failed to wire the control board properly and promised that the problem had been corrected consistent with the correction recommended by the independent lab. In September 2018, Blackstone sent an engineer to Mikia's factory to inspect Mikia's manufacturing process and discovered that, despite Mikia's representations that the problem had been corrected, Mikia had failed to correct the defects in Mikia's manufacturing process. After Blackstone notified Mikia of its failure to correct these

problems, Mikia again gave assurances and representations that it would correct the defects in the manufacturing process.

69. The material increase in returns of fans manufactured by Mikia, combined with Mikia's history of manufacturing products with quality problems, prompted Blackstone to exercise its rights under the Terms and Conditions to place a hold on \$2.5 million in payments to DCI and Mikia for products manufactured by Mikia, which, as described above, is the \$2.5 Million Retaining Payment agreed to by Mikia.

70. Additionally, in May 2018 Blackstone had discussed with DCI and Mikia whether Mikia would manufacture the Blackstone Tower Fan for Blackstone to supply the Costco 2019 Fan Program. Mikia and DCI agreed with Blackstone that they would manufacture the Blackstone Tower Fan for sale to Blackstone to supply Costco for the 2019 Costco Fan Program.

71. In August 2018, at the 2018 Maryland Meetings, Allen Zhang and Mikia's President, Zhang Yong, traveled to Blackstone's office in Baltimore, Maryland, and met in person with representatives of Blackstone to discuss the quality problems with the products manufactured by Mikia and participation in the 2019 Costco Fan Program. At the 2018 Maryland Meetings, Mikia (a) represented that it had addressed and resolved the quality problems, (b) agreed that it would manufacture the Blackstone Tower Fan for sale to Blackstone and Blackstone's sale to Costco for the 2019 Costco Fan Program, and (c) agreed that Blackstone could hold the \$2.5 Million Retaining Payment from DCI and Mikia against current and future returns of the Blackstone Tower Fan to Costco, and that Blackstone could increase the Retaining Payment in the future if necessary to protect against additional returns to Costco. On August 21, 2018, at the first of the 2018 Maryland Meetings, the parties entered into the August 2018 Maryland Contract, which memorialized Mikia's agreement, in English and Chinese, and was

executed by Blackstone, Mikia and DCI. Exhibit I. The August 2018 Maryland Contract was executed on behalf of Mikia at Blackstone's Maryland office by Mikia's President, Zhang Yong.

E. Mikia's Systematic Effort to Steal Blackstone's Products and Business

72. Blackstone, relying on the August 2018 Maryland Contract, Mikia's representations starting in May 2018 that it would manufacture the fans for the 2019 Costco Fan Program, and its other representations earlier in 2018, continued to make arrangements with Costco and third parties to supply the 2019 Costco Fan Program and make it successful.

73. However, unbeknown to Blackstone, Mikia had no intention of performing its obligations under the August 2018 Maryland Contract. Instead, at least as early as April 2018, Mikia began pursuing a scheme to defraud Blackstone into continuing to buy Blackstone Products manufactured by Mikia while Mikia was planning to steal Blackstone's product designs, other intellectual property, and its business with Costco. Pursuant to this scheme, Mikia was planning to induce Costco to breach its agreements with Blackstone by disparaging Blackstone and telling Costco that Mikia would not produce the Blackstone Tower Fan unless Costco terminated Blackstone as Costco's vendor for the fans and purchased the fans from Mikia directly or through another vendor. Mikia concealed this scheme from Blackstone and misrepresented Mikia's intent to manufacture the Blackstone Tower Fan for Blackstone for the 2019 Costco Fan Program until it was too late for Blackstone to obtain a replacement manufacturer that could supply Blackstone's needs to satisfy the program.

74. Throughout its relationship with Blackstone, Mikia knew that Blackstone owned all of the intellectual property rights for Blackstone Products that Mikia manufactured for Blackstone and that Blackstone sold the Blackstone Products to Blackstone's customer, Costco, pursuant to contracts between Blackstone and Costco.

75. Nevertheless, unbeknown to Blackstone, Mikia filed for a Chinese design patent for the Blackstone Tower Fan in April 2018, using a picture of the Blackstone Tower Fan and fraudulently claiming that Zhang Yong, the President of Mikia, was the actual inventor of the Blackstone Tower Fan, when in fact the design of the Blackstone Tower Fan was invented by Blackstone and provided by Blackstone to Mikia solely for the purpose of manufacturing the Blackstone Tower Fan for Blackstone. Exhibits J, K, L, and M. Mikia and Zhang Yong concealed the fact that they had filed an application for a design patent covering the Blackstone Tower Fan during all of the detailed discussions in 2018 about the quality problems with Mikia's manufacturing and Mikia's agreement to manufacture the Blackstone Tower Fan for Blackstone.

76. Contrary to Mikia's repeated representations and assurances to Blackstone, and in breach of the August 2018 Maryland Contract, on October 25, 2018 Doug Leavy, Vice President of DCI, sent a text to Blackstone's President stating that Mikia did not want to go forward with the 2019 Costco Fan Program. On November 4, 2018, Mikia emailed to Blackstone a letter dated October 25, 2018 entitled "Notification of Partnership Termination" from Mikia's President, Zhang Yong, purporting to "declare officially" that it was terminating "cooperation with Blackstone," and refusing to manufacture products for Blackstone, including for the 2019 Costco Fan Program ("Termination Letter"), attached hereto as Exhibit N. Mikia cited as the reason for the purported termination the "unreasonable retaining payment US\$2.5 million from Blackstone to Mikia," despite the fact that Mikia had expressly agreed in writing to this same \$2.5 Million Retaining Payment pursuant to the August 2018 Maryland Contract.

77. Unbeknown to Blackstone at the time that it received the Termination Letter on November 4, 2018, Defendants contacted Costco in an effort to sell the Blackstone Tower Fan directly or through another vendor to Costco, despite the fact that Defendants had no rights to the

Blackstone Tower Fan and that Defendants knew that Costco had already contracted with Blackstone to purchase the Blackstone Tower Fan for the 2019 Costco Fan Program. In an effort to interfere with Blackstone's contracts with Costco, Defendants falsely and maliciously represented to Costco that Blackstone was "unreasonably" withholding a \$2.5 million payment from Mikia, that Blackstone owed Mikia over \$6 million, and that Blackstone was otherwise in breach of agreements with Mikia. Defendants further notified Costco that Mikia would consequently no longer manufacture or ship Blackstone products for or on behalf of Blackstone but would only provide the Blackstone Tower Fan to Costco directly to Costco or through another vendor. On information and belief, Defendants communicated the information in the Termination Letter Mikia sent to Blackstone to Costco and a representative of Defendants contacted Costco on, or about, November 5, 2018 seeking to sell Blackstone's products directly to Costco.

78. On November 7, 2018, Blackstone sent Mikia a letter correcting some of the misrepresentations in the Mikia Termination Letter, notifying Mikia that it had no right to manufacture or sell the Blackstone Products to anyone other than DCI for sale to Blackstone, and that Blackstone owned all rights to the Blackstone Tower Fan, and directing Mikia to cease and desist from attempting to produce, distribute and/or otherwise sell any Blackstone Products to anyone other than DCI for sale to Blackstone ("First Cease and Desist Notice"), attached hereto as Exhibit O.

79. Mikia ignored Blackstone's First Cease and Desist Notice and continued to pursue working directly with Costco.

80. On December 4, 2018, counsel for Blackstone sent an additional cease and desist letter to Mikia directing it to cease and desist from any use of Blackstone's intellectual property

(“Second Cease and Desist Notice”), attached hereto as Exhibit P. Specifically, counsel for Blackstone notified Mikia that any effort by Mikia to manufacture, distribute, import, or sell for importation into the United States the Blackstone Tower Fan that it previously manufactured for Blackstone, or any confusingly similar fan products, would be unlawful and infringe the Blackstone Intellectual Property, and that any such manufacture, distribution, importation, or sale for importation could only occur through Blackstone or pursuant to license by Blackstone.

81. Mikia, ignoring Blackstone’s intellectual property rights and all prior contractual obligations, responded to Blackstone’s Second Cease and Desist Notice by informing Blackstone for the first time that it had obtained a Chinese design patent to the Blackstone Tower Fan, and that it had applied for patents to all of the other Blackstone Products it had manufactured for Blackstone. Exhibit Q. Relying upon its fraudulent patent applications, Mikia further claimed that Blackstone had no right to export its own products from China because Mikia claimed to have design patent rights. *Id.* Specifically, Mikia asserted by email to Blackstone that “without permission from MIKIA, in China the Tower Fan cannot be produced nor exported by anyone else!” *Id.* Mikia further notified DCI and Homestar, the other Chinese manufacturer of the Blackstone Tower Fan, that they had no right to manufacture the Blackstone Tower Fan or export it from China.

82. On December 6, 2018, counsel for Blackstone supplemented the Second Cease and Desist Notice (“the Supplement”), attached hereto as Exhibit R, providing notice of Mikia’s hijacking of Blackstone’s Intellectual Property and demanding that Mikia assign to Blackstone all rights and interests in the intellectual property that Mikia stole from Blackstone. Neither Blackstone nor its counsel received a response to the Supplement.

83. Mikia currently lists on the English and Chinese versions of its website the products it offers to manufacture, including a picture of the Blackstone Tower Fan, which Mikia describes as a 40-Inch Tower Fan, a picture of the Blackstone Personal Fan, which it describes as its 13-Inch Personal Fan, and a picture of the Blackstone Vanity Mirror, which it describes as its Vanity Mirror. http://www.mikialighting.com/english/a/product/list_20_4.html and http://www.mikialighting.com/english/a/product/list_20_3.html (last accessed on Jan. 25, 2019) (English versions attached as Exhibits S and T);
http://www.mikialighting.com/a/champinyuyewu/list_4_3.html and
http://www.mikialighting.com/a/champinyuyewu/list_4_5.html (last accessed on Jan. 25, 2019) (Chinese versions attached as Exhibits U and V).³ These products listed on Mikia's website are the same products that Mikia manufactured for Blackstone, for which Blackstone provided the designs, and that incorporate the intellectual property owned by Blackstone, but that has been improperly converted by Mikia to its own use.

84. Mikia, E2 and Zhang Yong had a premeditated plan to steal Blackstone's intellectual property and register it in China while taking steps to intentionally interfere with Blackstone's long existing relationship with Costco in an attempt to supplant Blackstone as Costco's supplier of Blackstone's own products.

85. Defendants' fraudulent scheme has tortiously interfered with all of Blackstone's contracts to sell Blackstone Products because it has put any shipment of Blackstone Products at risk of Mikia seeking to have Chinese customs prevent the shipment out of China of Blackstone Products based upon the design patents fraudulently obtained by Mikia.

³ Chinese and English versions of the product pages for the Blackstone Tower Fan and Blackstone Personal Fan are attached as Exhibits W - Z.

86. Defendants' tortious interference and fraud have effectively prevented Blackstone from providing Blackstone Products to Costco for the 2019 Costco Fan Program and have caused Costco to breach its agreements with Blackstone and refuse to go forward with Blackstone as the vendor for the Blackstone Tower Fans that were to be manufactured by Mikia.

87. Further, Defendants' tortious interference and fraud has irreparably damaged Blackstone's business relationship with Costco, effectively destroying the value of a 15-plus-year relationship Blackstone spent incalculable time, money, and effort in creating and maintaining, and denying Blackstone hundreds of millions of dollars in revenue that Blackstone reasonably expected in the future.

88. As the direct and proximate result of Mikia's breach of contract, fraud, and theft of intellectual property, and Defendants' tortious interference, fraud, unfair and deceptive trade practices, and infringement of copyrights, trademarks and trade dress, Blackstone has suffered damages of over \$50 million in direct costs, lost profits and additional amounts to be proven at trial.

V. CAUSES OF ACTION

A. COUNT I -- Breach of Contract

89. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

90. Blackstone and Mikia entered into a valid and enforceable agreement, as memorialized in the August 2018 Maryland Contract, pursuant to which Mikia agreed to manufacture and ship the Blackstone Tower Fans required for the 2019 Costco Fan Program for sale to Blackstone. Pursuant to the August 2018 Maryland Contract, Blackstone issued purchase orders for the manufacture of 1.7 million Blackstone Tower Fans by Mikia.

91. Through its wrongful conduct described above, Mikia breached its agreements with Blackstone, including by sending the Termination Letter and refusing to satisfy its contractual obligation to manufacture and ship the Blackstone Products for sale to Blackstone, as required for the 2019 Costco Fan Program.

92. As a direct and proximate result of Mikia's breach, Blackstone has suffered substantial damages, in an amount to be proven at trial but not less than \$5 million.

B. COUNT II -- Fraud/Intentional Misrepresentation

93. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

94. Mikia defrauded Blackstone by making misleading and false statements of material fact including, but not limited to (a) Mikia's false representations regarding its ability to provide quality manufacturing of products, free of defects, on a timely basis, and in amounts necessary to meet the needs of Blackstone to satisfy its obligations to Costco, (b) Mikia's false statements regarding its intent to manufacture and ship the Blackstone Tower Fans for sale to Blackstone for resale to Costco, (c) Mikia's false representations regarding its claims to Blackstone Intellectual Property, and (d) Defendants' false statements to Costco alleging that Blackstone owed Mikia millions of dollars and that Blackstone had not met its obligations to Mikia. Mikia intentionally and actively concealed from Blackstone the fact that Zhang Yong and Mikia had fraudulently represented to the China State Intellectual Property Office that Zhang Yong, personally, was the inventor of the Blackstone Products, despite having numerous meetings and communications with Blackstone after making such false representations to the China State Intellectual Property Office in April 2018.

95. Mikia and Zhang Yong knew these representations were false at the time they were made and made them maliciously with the intent of injuring Blackstone.

96. Mikia made these misrepresentations for the purpose of defrauding Blackstone and using Blackstone's track record and reputation with Costco to establish sales of products, to create a need for its manufacturing capacity to fulfill Costco's needs, to interfere with Blackstone's contracts and business relationship with Costco, to deny Blackstone the ability to meet the needs of Costco for the 2019 Costco Fan Program, to convert Blackstone's intellectual property to its own use, and to improperly sell the Blackstone Tower Fan directly to Costco.

97. Blackstone reasonably relied on Mikia's false misrepresentations regarding (a) Mikia's ability to provide quality manufacturing free of defects on a timely basis in amounts necessary to meet the needs of Blackstone to satisfy its obligations to Costco, and (b) Mikia's intent to manufacture and ship the Blackstone Tower Fans for sale to Blackstone in fulfillment of Blackstone's agreement with Costco to supply the 2019 Costco Fan Program. In reliance on those representations and Mikia's concealment of its true intent, Blackstone continued to work with DCI and Mikia, continued to make arrangements necessary to ensure that the 2019 Costco Fan Program was successful, and refrained from making arrangements with any substitute manufacturer that could supply the Blackstone Tower Fans instead of Mikia.

98. As a direct and proximate result of Mikia's fraud, Blackstone has suffered substantial damages, in an amount to be proven at trial, but not less than \$50 million.

99. Punitive damages are proper to punish Mikia for its willful, intentional, malicious and fraudulent conduct and to deter future fraudulent conduct.

C. COUNT III -- Tortious Interference with Blackstone's Contracts

100. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

101. Blackstone entered into valid and enforceable agreements with Costco, including the Blackstone's Costco Supplier Contract, and other agreements under which Blackstone would

sell Blackstone Products to Costco's divisions worldwide, including the agreement that Blackstone would supply the 2019 Costco Fan Program ("Blackstone's Costco Contracts").

102. Mikia knew about Blackstone's Costco Contracts and had participated in manufacturing Blackstone Products for sale to Blackstone that Blackstone would sell to Costco pursuant to Blackstone's Costco Contracts. E2 also knew about Blackstone's Costco Contracts and that Mikia had manufactured Blackstone Products for sale to Blackstone that Blackstone would sell to Costco pursuant to Blackstone's Costco Contracts.

103. Defendants acted intentionally, willfully, maliciously, and in bad faith to interfere with Blackstone's Costco contracts by, among other things, fraudulently representing to Costco that Blackstone was improperly withholding payment from Mikia and consequently would no longer manufacture or ship Blackstone products for or on behalf of Blackstone but would only provide them to Costco directly or through another vendor, causing Costco to fail to perform its obligations under Blackstone's Costco Contracts.

104. Defendants committed these intentional, malicious and willful acts for the improper and wrongful purpose of tortiously interfering with Blackstone's Costco Contracts, unfairly competing with Blackstone, and harming Blackstone without justification.

105. As the result of Defendants' interference, including Mikia's refusal to sell the Blackstone Tower Fan to Blackstone for sale to Costco, Costco breached Blackstone's Costco Contracts, including by refusing to go forward using Blackstone as the supplier for the 2019 Costco Fan program featuring Blackstone's Tower Fan. Costco instead responded to Defendants' tortious interference and offer to sell directly to Costco by purchasing the Blackstone Tower Fan directly from Defendants, and Costco breached its agreements with Blackstone relating to the 2019 Costco Fan Program. Defendants' intentional interference with

Blackstone's Costco Contracts further prevented Blackstone from supplying the Blackstone Tower Fan to Costco for the 2019 Costco Fan Program and had an adverse financial impact on its current business operations.

106. As a direct and proximate result of Defendants' interference, Blackstone has suffered substantial damages in an amount to be proven at trial, but not less than \$10 million.

107. Defendants acted with malice toward Blackstone by interfering with Blackstone's Costco Contracts and by their efforts to destroy Blackstone's business.

108. Punitive damages are proper to punish Defendants for their willful, intentional, malicious and tortious conduct and to deter their future tortious conduct.

D. COUNT IV -- Tortious Interference with Blackstone's Business Relationships with Costco and Other Third Parties

109. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

110. Defendants acted intentionally, willfully, maliciously, and in bad faith to interfere with and cause damage to Blackstone's business relationship with Costco by fraudulently, and by improper means, representing to Costco, directly and through third parties, that Blackstone was improperly withholding payment of the \$2.5 Million Retaining Payment from Mikia and that such alleged withholding was why Mikia would no longer manufacture and/or ship Blackstone products for or on behalf of Blackstone and by further claiming that Blackstone owed Mikia other substantial sums of money.

111. Defendants' actions tortiously interfered with Blackstone's relationships with manufacturers in China, and has damaged Blackstone by injuring its ability to have Blackstone Products manufactured by other factories in China.

112. Defendants' intentional and willful acts were calculated and designed to damage Blackstone and to harm its business relationship with Costco built over many years, to deny Blackstone its profits from the 2019 Costco Fan Program, and to deny Blackstone its profits from future sales to Costco and others, so that Defendants could supplant Blackstone as the suppliers to Costco for Blackstone Products.

113. Defendants committed these intentional and willful acts for the improper and wrongful purpose of unfairly competing and harming Blackstone without justification.

114. As a direct and proximate result of Defendants' interference, Blackstone has suffered and will continue to suffer substantial damages, in an amount to be proven at trial but no less than \$50 million.

115. Punitive damages are proper to punish Defendants for their willful, intentional, and malicious and tortious conduct, and to deter future tortious conduct.

E. COUNT V -- Conversion of Blackstone's Intellectual Property

116. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

117. Mikia willfully converted Blackstone's intellectual property to its own use and fraudulently claimed ownership of Blackstone's intellectual property as part of a scheme to steal the rights to Blackstone's intellectual property relating to Blackstone Products, to sell Blackstone Products directly to Costco, to prevent Blackstone from manufacturing Blackstone Products and shipping such products from China to the United States, including Maryland, and to take all revenue and profits from the sale of Blackstone Products for its own, while knowing that the intellectual property relating to Blackstone Products was the property of Blackstone.

118. Mikia is continuing to convert the Blackstone Intellectual Property to its own use by, among other things, (a) asserting design patents rights that were fraudulently obtained by

Mikia using the very designs provided by Blackstone for the manufacture of product for Blackstone, (b) asserting that other manufactures cannot manufacture or ship the Blackstone Products from China to the United States, and (c) offering the Blackstone Products for sale to the public, including by listing them on its website.

119. Mikia's theft of Blackstone's intellectual property has damaged Blackstone by injuring its ability to have Blackstone Products manufactured by other factories in China, by forcing Blackstone to undergo the expense of challenging Mikia's fraudulent intellectual property claims, and by denying Blackstone the ability to deliver Blackstone Tower Fans to meet its commitments in the United States. The damages to Blackstone from such conduct are estimated to exceed \$50 million.

120. Punitive damages are proper to punish Mikia for its willful, intentional, and malicious conversion and to deter future tortious conduct.

F. COUNT VI -- Unfair or Deceptive Trade Practices

121. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

122. Defendants willfully and intentionally committed unfair and deceptive trade practices under Md. Code Ann. § 13-301, et seq., by, among other things, falsely and misleadingly identifying the origin and creation of the Blackstone Tower Fans to Costco, consumers, and the public; by disparaging the goods and services of Blackstone to Costco and consumers; by falsely claiming ownership of Blackstone's intellectual property rights to Blackstone Products, and by falsely claiming and committing fraud and deception with respect to a contract for the sale, marketing, brokering, or promotion of Blackstone Products.

123. Defendants knew these representations were false, deceptive, and misleading at the time they were made and made them maliciously with the intent of injuring Blackstone and consumers.

124. Defendants committed these unfair and deceptive trade practices for the purpose of injuring Blackstone and using Blackstone's track record and reputation with Costco to establish sales of products, to create a need for its manufacturing capacity to fulfill Costco's needs, and to improperly sell the Blackstone Tower Fan directly to Costco.

125. As a direct and proximate result of Defendants' unfair and deceptive trade practices, Blackstone has suffered substantial damages, in an amount to be proven at trial, but not less than \$50 million.

G. COUNT VII -- Common Law Trademark Infringement

126. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

127. Defendants have imported into the United States the Blackstone Tower Fans that infringe the Blackstone Intellectual Property with the intent to sell such product in the United States.

128. Defendants' acts constitute common law trademark infringement and unfair competition, and have created and will continue to create, unless restrained by this Court, a likelihood of confusion to the irreparable injury to Blackstone. Blackstone has no adequate remedy at law for this injury.

129. On information and belief, Defendants acted with full knowledge of Blackstone's use of, and statutory and common law rights to, the Blackstone Intellectual Property, including Blackstone's trademarks, and without regard to the likelihood of confusion of the public created by Defendants' activities.

130. Defendants' actions show an intentional, willful, and malicious intent to infringe on Blackstone Intellectual Property, including Blackstone's trademarks, and to trade upon the goodwill associated therewith.

131. As a result of Defendants' acts, Blackstone has been damaged in an amount not yet determined or ascertainable. At a minimum, however, Blackstone is entitled to injunctive relief, to an accounting of Defendants' profits, damages, and costs. Further, in light of the deliberate and malicious use of counterfeit Blackstone Products, and the need to deter Defendants from engaging in similar conduct in the future, Blackstone is additionally entitled to punitive damages.

H. COUNT VIII -- Common Law Trade Dress Infringement

132. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

133. Defendants' acts constitute common law trade dress infringement and unfair competition, and have created and will continue to create, unless restrained by this Court, a likelihood of confusion to the irreparable injury to Blackstone. Blackstone has no adequate remedy at law for this injury.

134. On information and belief, Defendants acted with full knowledge of Blackstone's use of, and statutory and common law rights to, the Blackstone Intellectual Property, and without regard to the likelihood of confusion of the public created by Defendants' activities.

135. Defendants' actions demonstrate an intentional, willful, and malicious intent to trade on the goodwill associated with Blackstone Intellectual Property, including Blackstone's trade dress, to the great and irreparable injury of Blackstone.

136. As a result of Defendants' acts, Blackstone has been damaged in an amount not yet determined or ascertainable. At a minimum, however, Blackstone is entitled to injunctive

relief, to an accounting of Defendants' profits, damages, and costs. Further, in light of the deliberate and malicious use of counterfeit Blackstone Products, and the need to deter Defendants from engaging in similar conduct in the future, Blackstone is additionally entitled to punitive damages.

I. COUNT IX – False Designation of Origin and Dilution

137. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

138. By their conduct described above, Defendants have used Blackstone's name, the Cascade name, the Blackstone Products' packaging, and the trade dress and design of the Blackstone Products, including the Blackstone Tower Fan in a manner so as to falsely designate the origin of Defendants' goods as being from Blackstone, mislead the public as the origin of the infringing goods, and dilute Blackstone's marks in violation of Section 1125 of the Lanham Act (15 U.S.C. § 1125).

139. Defendants' activities are presently causing and, unless enjoined, will continue to cause confusion and deception to the public as to the source and origin of the infringing products. Defendants' conduct injures and will continue to injure and dilute Blackstone's goodwill and reputation, for which Blackstone has no adequate remedy at law.

140. Defendants' actions show an intentional, willful, and malicious intent to falsely designate the origin of Defendants' goods, dilute Blackstone's marks and trade dress, and to trade upon the goodwill associated therewith.

141. Defendants have caused, and will continue to cause, substantial injury to the public and to Blackstone by their actions, and Blackstone is entitled to injunctive relief and to recover Defendants' profits, actual damages, treble damages, costs, and attorneys' fees under 15 U.S.C. §§ 1116 and 1117.

J. COUNT X -- Copyright Infringement

142. Blackstone re-alleges and incorporates by reference each of the allegations in the paragraphs above.

143. By their conduct as described above, Defendants have infringed Blackstone's copyright by importing or selling unauthorized copies of the Blackstone Intellectual Property in violation of the Copyright Act, 17 U.S.C. §§ 106 and 501.

144. Defendants' actions are intentional, willful, and malicious, in disregard of Blackstone's rights.

145. As a direct and proximate result of Defendants' copyright infringement, Blackstone is entitled to damages in an amount to be proven at trial including one or more of Blackstone's actual damages, Defendants' profits attributable to the infringement, statutory damages, and enhanced damages.

146. Blackstone is also entitled to its attorneys' fees and costs pursuant to 17 U.S.C. § 505.

147. As a direct and proximate result of Defendants' copyright infringement, Blackstone has suffered and will continue to suffer substantial and irreparable injury, for which no adequate remedy at law exists. Upon information and belief, Defendants will continue to infringe Blackstone's rights unless enjoined by this Court. Accordingly, Blackstone is also entitled to a permanent injunction prohibiting Defendants' continued infringement of Blackstone's copyrights.

VI. JURY DEMAND

Plaintiff Blackstone respectfully demands a jury trial pursuant to Fed. R. Civ. P. 38 on all issues so triable.

VII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff Blackstone respectfully demands judgment in its favor and against Defendants as follows:

- a. Awarding all compensatory, direct, statutory, and/or consequential damages, and any costs incurred in the fair and reasonable efforts Blackstone has promptly taken to mitigate its losses, in an amount to be proven at trial but not less than \$50 million dollars (\$50,000,000);
- b. Awarding enhanced or trebled damages as authorized by law;
- c. Awarding punitive damages in the amount appropriate to punish Defendants for their fraud, tortious conduct, conversion, and infringement, and to deter future fraudulent and tortious conduct;
- d. Awarding Blackstone pre-judgment and post-judgment interest, costs, and expenses, to which Blackstone is entitled under contract or law;
- e. Awarding Blackstone reasonable attorneys' fees and costs;
- f. Permanently and preliminarily enjoining Defendants or their agents from importing Blackstone Tower Fans or other Blackstone Products into the United States without license, selling Blackstone Tower Fans or other Blackstone Products within the United States without license, listing any of the Blackstone Products for sale on its website, or misrepresenting the nature and ownership of the design and other intellectual property relating to Blackstone Products; and
- g. Granting Blackstone such other and further relief as the Court may deem just and proper.

Date: January 25, 2019

Respectfully submitted,

/s/ Kirk R. Ruthenberg

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